

VZCZCXYZ0001
OO RUEHWEB

DE RUEHSW #0062/01 0401316
ZNR UUUUU ZZH
O 091316Z FEB 09
FM AMEMBASSY BERN
TO SECSTATE WASHDC IMMEDIATE 5646

UNCLAS BERN 000062

SENSITIVE
SIPDIS

DEPT FOR EUR/CE (Y.SAINT-ANDRE)

E.O. 12958: N/A
TAGS: [PGOV](#) [PREL](#) [EFIN](#) [LS](#)
SUBJECT: LIECHTENSTEIN ELECTIONS: CONSERVATIVES WIN
MAJORITY, BUT OFFER TO FORM GRAND COALITION WITH
PROGRESSIVE PARTY

VICTORY FOR CONSERVATIVE PARTY

¶1. (U) In an outcome that surprised Liechtenstein's political class, the conservative Fatherland Union (VU) party won an absolute majority of parliamentary (Landtag) seats in the February 8 elections. With 47,6 percent of the votes, the VU surged back from the historic low of 38,2 percent reached in the 2005 elections, and picked up three additional mandates for a total of 13 seats in the 25-seat Landtag. The Progressive Citizens' Party (FBP) lost 5.2 percent compared to 2005, landing at 43,5 percent and slipping from 12 to 11 seats in the Landtag. The green-alternative Free List (FL) party slipped from 13,0 percent of four years ago to 8,9 percent, retaining one Landtag seat and barely maintaining the required 8% of the vote required for a party to have parliamentary representation in Liechtenstein.

GRAND COALITION LIKELY OUTCOME

¶2. (U) Prime Minister Otmar Hasler (55), who led the FBP ticket, announced his intention to retire from politics on February 8, in light of the election outcome. While acknowledging that the FBP's defeat was for him a "personally difficult hour," Hasler said that the elections -- in which 84,6 percent of eligible voters cast ballots -- had demonstrated that Liechtenstein's democracy remains vibrant. VU headliner Klaus Tschuetscher (41), who served as Deputy Prime Minister for the past four years in Liechtenstein's grand coalition FBP-VU government, is expected to be the new Prime Minister. Notwithstanding the VU's surprise achievement of an absolute majority, Tschuetscher has announced that he will stand by his campaign commitment to seek to form a grand coalition with the FBP. Depending on how the coalition negotiations progress, the Landtag will meet sometime between the end of March and mid-April to confirm the new government. Until that time, the Liechtenstein government continues in its pre-election configuration.

COMMENT

¶3. (SBU) While the VU's strong showing surprised Liechtenstein pundits and politicians, few thus far have been able to articulate compelling reasons for this turnabout. Hasler served as Prime Minister for eight years, and was credited with navigating Liechtenstein successfully through a crisis in 2001 when the country was accused of being a major center for money laundering. He had established a reputation for balancing incremental reforms with defending Liechtenstein's interests in the face of more recent

criticism of its banking secrecy practices. Tschuetscher's success has been attributed to his support for a political culture that eschews partisanship and emphasizes common cause. Given Liechtenstein's tradition of democratic consensus, political partisanship is, in any case, more nuanced in the country than most other places. Thus, it seems equally plausible that Tschuetscher's message tapped into a more general desire for change, however incremental, particularly with the younger members of the Liechtenstein electorate. While leadership of what is likely to be a grand coalition government will now shift to the conservative party, post does not expect any major changes in Liechtenstein policies that will substantially affect USG interests.

BIOGRAPHICAL INFORMATION: KLAUS TSCHUETSCHER

¶4. (U) Dr. Klaus Tschuetscher became Deputy Prime Minister in April 2005, and has headed the Departments for Economic Affairs, Justice, and Sports. Born July 8, 1967, he studied law at the University of St. Gallen where he completed a doctorate in 1996. Tschuetscher also attended post-graduate studies in international business law at the University of Zurich. He has been Director of Legal Services at the Liechtenstein Tax Authority since 1995, and Deputy Director of the Liechtenstein Tax Authority since 1996. In addition, since 1999, Tschuetscher has been a member of Liechtenstein's EU delegation focusing on tax-related issues. In 2001 he was a member of the Liechtenstein delegation for negotiations with the USG on mutual legal assistance. Since 2003 Tschuetscher has coordinated issues related to

Liechtenstein's role as a financial center. He is married to Jeanett Tschuetscher (nee Eggenberger), and has two children.
CARTER